

2003 DRAFTING REQUEST**Bill**

Received: 02/12/2004

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Christine Sinicki (608) 266-8588

By/Representing: Mary Beth

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Tax (indiv) - deduct/subtract

Extra Copies:

Submit via email: YES

Requester's email: Rep.Sinicki@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Individual income tax exemption; pay of certain national guard technicians

Instructions:

See attached. Redraft 2001 AB 789, LRB -4228/1

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 02/23/2004	jdyer 02/24/2004					State Tax
/1			rschluet 02/24/2004		Inorthro 02/24/2004	Inorthro 02/24/2004	

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LRB-4340

FE Sent For:

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Page 1

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1?	mshovers	1 3/24 jld					
1 MES		2/23/04					

FE Sent For:

<END>

Bill Request Form

Legislative Reference Bureau
100 N. Hamilton Street
Legal Section 266-3561

You may use this form or talk directly with the LRB attorney who will draft the bill.

Date Feb. 10, 2004

Legislator, agency, or other person requesting this draft Rep Smidzi

Person submitting request (name and phone number) Mary Beth George

Persons to contact for questions about this draft (names and phone numbers) same, at 6-8588

Describe the problem, including any helpful examples. How do you want to solve the problem?

Please redraft attached bill from last session, under Rep. Smidzi's name.

Please attach a copy of any correspondence or other material that may help us. If you know of any statute sections that might be affected, list them or provide a marked-up copy.

See attached

You may attach a marked-up copy of any LRB draft or provide its number (e.g., 2001 LRB-2345/1 or 1999AB-67).

Requests are confidential unless stated otherwise. May we tell others that we are working on this for you? YES ☒ NO

If yes.

Anyone who asks? YES NO

Any legislator? YES NO

Only the following persons _____

Do you consider this request urgent? ☒ YES NO

If yes, please indicate why _____

Should we give this request priority over any pending request of this legislator, agency, or person?

YES ☒ NO

2003 2001 ASSEMBLY BILL 789

D-NOTE

February 7, 2002 - Introduced by Representatives CARPENTER, SINICKI, LA FAVE, SUDER, MILLER, MUSSER, URBAN, LASSA and GUNDERSON, cosponsored by Senators BURKE, SHIBILSKI and SCHULTZ. Referred to Committee on Veterans and Military Affairs. Referred to Joint Committee on Tax Exemptions.

repen

1 AN ACT *to amend* 71.05 (1) (a); and *to create* 71.85 (4) of the statutes; **relating**
 2 **to:** exempting from income taxation the pension benefits of certain national
 3 guard technicians and interest and penalty waivers for certain payments made
 4 to national guard technicians. ✓

Analysis by the Legislative Reference Bureau

Under current law, the pension benefits of certain public employees are exempt from state taxation. The pensions that are exempt include payments received from the U.S. civil service retirement system, the U.S. military employee retirement system, the Milwaukee city and county retirement systems, the police officer's annuity and benefit fund of Milwaukee, the Milwaukee public school teachers' retirement fund, the Wisconsin state teachers' retirement fund, and the sheriff's annuity and benefit fund of Milwaukee County, which are paid on the account of persons who were members of or retired from the plans as of December 31, 1963.

This bill exempts from taxation payments received from the U.S. civil service retirement system on the account of a person who has a U.S. office of personnel management service computation date as of December 31, 1963, if the person was a national guard technician who worked as a technician for the Wisconsin national guard as of December 31, 1963, and was later recognized as a federal employee under the National Guard Technician Act of 1968.

Also under this bill, such technicians, or the surviving spouses of such technicians, are not liable for any interest or penalties on any outstanding tax liabilities owed on certain payments received from the U.S. civil service retirement

ASSEMBLY BILL 789

system and may claim a refund for any interest or penalty payments that were made before the effective date of the bill if the claim is filed within one year after the bill takes effect.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill. *

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 71.05 (1) (a) of the statutes is amended to read:

2 71.05 (1) (a) *Retirement systems.* All payments received from the U.S. civil
3 service retirement system, the U.S. military employee retirement system, the
4 employee's retirement system of the city of Milwaukee, Milwaukee county
5 employees' retirement system, sheriff's annuity and benefit fund of Milwaukee
6 county, police officer's annuity and benefit fund of Milwaukee, fire fighter's annuity
7 and benefit fund of Milwaukee, or the public employee trust fund as successor to the
8 Milwaukee public school teachers' annuity and retirement fund and to the Wisconsin
9 state teachers retirement system, which are paid on the account of any person who
10 was a member of the paying or predecessor system or fund as of December 31, 1963,
11 or was retired from any of the systems or funds as of December 31, 1963, or who has
12 a U.S. office of personnel management service computation date as of December 31,
13 1963, if the person was a national guard technician who worked as a technician for
14 the Wisconsin national guard as of December 31, 1963, and was later recognized as
15 a federal employee under the National Guard Technician Act of 1968, but such
16 exemption shall not exclude from gross income tax sheltered annuity benefits.

17 SECTION 2. 71.85 (4) of the statutes is created to read:

ASSEMBLY BILL 789

1 71.85 (4) ABATEMENT OF INTEREST AND PENALTIES; NATIONAL GUARD TECHNICIANS.

2 No penalty or interest that has been imposed under this subchapter for taxable years
3 beginning after December 31, 1988, and before January 1, ~~2008~~²⁰⁰⁷, on a taxpayer who
4 was an employee of the Wisconsin national guard, who worked as a technician and
5 who was recognized as a federal employee under P.L. 90-486, or who is the surviving
6 spouse of such a person, to the extent that the penalty or interest or both relate to
7 payments received from the U.S. civil service retirement system by such a person,
8 is due and may not be collected or imposed by the department of revenue on or after
9 the effective date of this subsection [revisor inserts date]. A person to whom this
10 subsection applies, who has paid interest or penalties or both on payments that are
11 described under this subsection before the effective date of this subsection [revisor
12 inserts date], is eligible to claim a refund for the payment that he or she has made
13 if the claim is filed within one year of the effective date of this subsection [revisor
14 inserts date].

15 **SECTION 3. Initial applicability.**

16 (1) The treatment of section 71.05 (1) (a) of the statutes first applies to pension
17 payments that are made on the effective date of this subsection.

18 (END)

cl-note
↓

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4340/7¹dn

MES# 11.....
jld

Representative Sinicki:

I have advanced the date in s. 71.85 (4) [✓]by 2 years, as was done when the 2001 bill was updated from the 1999 version. Is this OK?

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4340/1dn
MES:jld:rs

February 24, 2004

Representative Sinicki:

I have advanced the date in s. 71.85 (4) by 2 years, as was done when the 2001 bill was updated from the 1999 version. Is this OK?

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us

Northrop, Lori

From: George, Mary Beth
Sent: Tuesday, February 24, 2004 11:51 AM
To: LRB.Legal
Subject: Draft review: LRB 03-4340/1 Topic: Individual income tax exemption; pay of certain national guard technicians

It has been requested by <George, Mary Beth> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 03-4340/1 Topic: Individual income tax exemption; pay of certain national guard technicians



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

March 11, 2004

MEMORANDUM

To: Representative Sinicki

From: Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

Subject: Technical Memorandum to **AB-906** (LRB 03-4340/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

March 8, 2004

TO: Marc Shovers
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on AB 906: Individual Income Tax Exemption; Pay of Certain National Guard Technicians

The exemption for retirement benefits only applies to a National Guard technician who worked as a technician for the Wisconsin National Guard as of December 31, 1963. Thus a National Guard technician who retired in Wisconsin and who worked as a technician for the National Guard as of December 31, 1963, but in another state would not qualify for the exemption. If this is not the intent, "Wisconsin national guard" on line 14 of page 2 and line 4 of page 3 should be replaced with "the national guard of any state."

Proposed sec. 71.05(1)(a) first applies to pension payments made on the effective date. It would be less confusing to taxpayers if it applied to all payments received during a taxable year. It would also be problematic if this bill were to be enacted late in the year after forms were sent to the printer. Therefore, this provision should apply to payments received in taxable years beginning January 1 of a specific year, but if enacted after July 31 of that year, it should apply to payments received in taxable years beginning January 1 of the next year.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE</u>
one-time	s. 20.566 (1) (a)	\$22,000	

If you have any questions regarding this technical memorandum, please contact Karyn Kriz at 261-8984; for administrative costs contact Julie Feavel at 267-9892.